

**WHITEFORD AGRICULTURAL SCHOOL DISTRICT
IN THE COUNTIES OF MONROE AND LENAWE,
MICHIGAN**

Ottawa Lake, Michigan

ANNUAL FINANCIAL REPORT

June 30, 2005

**WHITEFORD AGRICULTURAL SCHOOL DISTRICT
IN THE COUNTIES OF MONROE AND LENAWE, MICHIGAN**

*School Board Members
June 30, 2005*

<u>Name</u>	<u>Office</u>	<u>Date Term Expires</u>
Kenneth Dressel	President	6/30/2006
Cheryl Strahan	Vice-President	6/30/2006
Karen Miller	Secretary	6/30/2007
Holly Bunge	Treasurer	6/30/2007
Timothy J. Hill	Trustee	6/30/2008
John Hutchinson	Trustee	6/30/2008
Dan Martin	Trustee	6/30/2005

**WHITEFORD AGRICULTURAL SCHOOL DISTRICT
IN THE COUNTIES OF MONROE AND LENAWE, MICHIGAN**

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June 30, 2005*

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**WHITEFORD AGRICULTURAL SCHOOL DISTRICT
IN THE COUNTIES OF MONROE AND LENAWE, MICHIGAN**

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Independent Auditor's Report

Board of Education
Whiteford Agricultural School District in the Counties of Monroe and Lenawee, Michigan
Ottawa Lake, Michigan 49267

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Whiteford Agricultural School District in the Counties of Monroe and Lenawee, Michigan, as of and for the year ended June 30, 2005, which collectively comprise the School District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Whiteford Agricultural School District in the Counties of Monroe and Lenawee, Michigans' management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Whiteford Agricultural School District in the Counties of Monroe and Lenawee, Michigan as of June 30, 2005, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 22, 2005 on our consideration of Whiteford Agricultural School District in the Counties of Monroe and Lenawee, Michigans' internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants, agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The management's discussion and analysis and budgetary comparison information on pages 5 through 12 and 33 through 38, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Whiteford Agricultural School District in the Counties of Monroe and Lenawee, Michigan's basic financial statements. The accompanying other supplemental information and Schedule of Federal Awards, as identified in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. The other supplemental information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Cooley Held Wolgamuth + Caulton

September 22, 2005



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Certified Public Accountants

Independent Auditor's Report on
Internal Control Over Financial Reporting and on
Compliance and Other Matters Based on an
Audit of Financial Statements Performed in Accordance
with *Government Auditing Standards*

Board of Education

Whiteford Agricultural School District in the Counties of Monroe and Lenawee, Michigan
Ottawa Lake, Michigan 49267

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Whiteford Agricultural School District in the Counties of Monroe and Lenawee, Michigan, as of and for the year ended June 30, 2005, which collectively comprise the School District's basic financial statements and have issued our report thereon dated September 22, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Whiteford Agricultural School District in the Counties of Monroe and Lenawee, Michigan's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Whiteford Agricultural School District in the Counties of Monroe and Lenawee, Michigan's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Board of Education

Whiteford Agricultural School District in the Counties of Monroe and Lenawee, Michigan

This report is intended solely for the information of management, the School Board, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Codey Hohl Wolfgang & Carlton

September 22, 2005

**WHITEFORD AGRICULTURAL SCHOOL DISTRICT
IN THE COUNTIES OF MONROE AND LENAWE, MICHIGAN**

*Management's Discussion and Analysis
Year Ended June 30, 2005*

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This section of Whiteford Agricultural School District in the Counties of Monroe and Lenawee, Michigan (Whiteford Schools) annual financial report presents our discussion and analysis of the School District's financial performance during the fiscal year ended June 30, 2005. Please read it in conjunction with the School District's financial statements, which immediately follow this section. This summary should not be taken as a replacement for the audit which consists of the financial statements and other supplemental information that presents all the School District's revenues and expenditures by program for the General Fund, Special Revenue Funds, Debt Service Fund, and Capital Projects Fund.

Using this Annual Report

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand Whiteford Schools financially as a whole. The ***District-Wide Financial Statements***, which include the Statement of Net Assets and the Statement of Activities, provide information about the activities of the School District as a whole and presents both a short-term and a long-term view of those finances. The ***Fund Financial Statements*** provide the next level of detail. For governmental activities, these statements explain how services were financed in the short-term as well as what remains for future spending. The ***Fund Financial Statements*** report the School District's operations in more detail than the ***District-Wide Financial Statements*** by providing information about the School District's most significant fund - the General Fund with all other funds presented in one column as nonmajor funds. The remaining statement, the Statement of Fiduciary Net Assets, presents financial information about activities for which the School District acts solely as an agent for the benefit of students and parents. The following summary illustrates how the various parts of this annual report are arranged:

*Management's Discussion and Analysis (MD&A)
(Required Supplemental Information)*

Basic Financial Statements

District-Wide Financial Statements Fund Financial Statements

Notes to the Basic Financial Statements

*Budgetary Information for Major Funds
(Required Supplemental Information)*

Other Supplemental Information

**WHITEFORD AGRICULTURAL SCHOOL DISTRICT
IN THE COUNTIES OF MONROE AND LENA WEE, MICHIGAN**

*Management's Discussion and Analysis
Year Ended June 30, 2005*

=====

District-Wide Financial Statements

The Statement of Net Assets and the Statement of Activities (pages 13-14), which appear first in the School District's financial statements, report information on the School District as a whole and its activities. These statements include all assets and liabilities, using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the School District's net assets and changes in them. The change in net assets provides the reader a tool to assist in determining whether the District's financial health is improving or deteriorating. The relationship between revenues and expenses indicates the School District's operating results. However, the School District's goal is to provide services to our students, not to generate profits as commercial entities do. One must consider many other non-financial factors, such as the quality of the education provided and the safety of the schools to assess the overall health of the School District.

The Statement of Net Assets and Statement of Activities report the governmental activities for the School District, which encompass all of the School District's services, including instruction, support services, community services, athletics, childcare and food services. Property taxes, unrestricted State Aid (foundation allowance revenue), and State and Federal grants finance most of these activities.

Fund Financial Statements

The School District's Fund Financial Statements (pages 15-19) provide detailed information about the most significant or "major" funds - not the School District as a whole. Some funds are required to be established by State law and by bond covenants. However, the School District establishes other funds to control and manage money for particular purposes or to show that it is properly using revenues. The School District's two types of funds, governmental and fiduciary, use different accounting approaches as described below:

Governmental funds - All of the School District's services are reported in governmental funds. Governmental fund reporting focuses on showing how money flows into and out of funds and the balances left at year-end that are available for spending. They are reported using the modified accrual accounting method, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the operations of the School District and the services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the School District's programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds in a reconciliation format in the financial section on pages 16 and 18.

Fiduciary funds - The School District is the trustee, or fiduciary for its student activity funds. All of the School District's fiduciary activities are reported in the Statement of Fiduciary Net Assets. We exclude these activities from the School District's other financial statements because the School District cannot use these assets to finance its operations. The School District is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

**WHITEFORD AGRICULTURAL SCHOOL DISTRICT
IN THE COUNTIES OF MONROE AND LENAWE, MICHIGAN**

*Management's Discussion and Analysis
Year Ended June 30, 2005*

District-Wide Financial Analysis

Recall that the Statement of Net Assets provides the perspective of the School District as a whole. Table 1 provides a summary of the School District's net assets as of June 30, 2005 and 2004.

Table 1

Comparative Statement of Net Assets

	<u>June 30, 2005</u>	<u>June 30, 2004</u>
Current and other assets	\$ 2,789,718	\$ 2,595,806
Capital assets	<u>8,404,822</u>	<u>8,616,131</u>
Total Assets	11,194,540	11,211,937
Current and other liabilities	1,493,300	1,097,893
Long-term liabilities	<u>8,337,949</u>	<u>8,384,789</u>
Total Liabilities	<u>9,831,249</u>	<u>9,482,682</u>
Net Assets		
Invested in capital assets, net of related debt	429,822	581,131
Restricted for technology enhancement	69,540	57,954
Restricted for debt service	255,283	243,501
Restricted for capital projects	22,183	42,038
Unrestricted	<u>586,463</u>	<u>804,631</u>
Total Net Assets	<u>\$ 1,363,291</u>	<u>\$ 1,729,255</u>

As depicted in Table 1, the School District's net assets were \$1,363,291 at June 30, 2005. Of this amount, \$586,463 was unrestricted. This amount represents the *accumulated* results of all past years' operations. The unrestricted net asset balance is used for working capital and cash flow needs as well as to provide for future uncertainties. It means that if we had to pay off all of our bills *today*, including all of our noncapital liabilities (compensated absences for example), we would have \$586,463 left. The operating results of the General Fund will have a significant impact on the change in unrestricted net assets from year to year.

The results of this year's operations for the School District as a whole are reported in the Statement of Activities (Table 2), which shows the changes in net assets for the fiscal years ended June 30, 2005 and 2004.

**WHITEFORD AGRICULTURAL SCHOOL DISTRICT
IN THE COUNTIES OF MONROE AND LENAWE, MICHIGAN**

*Management's Discussion and Analysis
Year Ended June 30, 2005*

District-Wide Financial Analysis - Concluded

Table 2

Comparative Statement of Changes in Net Assets

	<u>June 30, 2005</u>	<u>June 30, 2004</u>
Revenues		
Program revenues:		
Charges for services	\$ 225,823	\$ 227,925
State grants and other revenue	241,770	230,421
Federal grants	<u>238,994</u>	<u>214,726</u>
	706,587	673,072
General revenues:		
Property taxes	1,485,224	1,438,229
State foundation allowance	4,169,778	4,172,397
Other general revenues	<u>95,683</u>	<u>43,185</u>
	<u>5,750,685</u>	<u>5,653,811</u>
 Total Revenues	 6,457,272	 6,326,883
 Functions/Program Expenses		
Instruction	3,683,832	3,508,676
Support services	2,099,118	2,231,265
Community services	14,552	15,349
Athletics	123,705	144,383
Food services	200,363	190,826
Interdistrict uses	42,037	45,845
Interest on long-term debt	395,425	397,479
Depreciation	<u>264,204</u>	<u>240,387</u>
 Total Expenses	 <u>6,823,236</u>	 <u>6,774,210</u>
 Increase (Decrease) in Net Assets	 <u>\$ (365,964)</u>	 <u>\$ (447,327)</u>

As indicated in Table 2, the cost of *all governmental* activities this year was \$6,823,236. Of this amount, \$706,587 was subsidized with revenue generated from charges for services, grants, and other contributions with the remaining costs financed with general revenues.

The School District experienced a decrease in net assets this year of \$(365,964). A key reason for this decrease is the depreciation expense of \$264,204. The decrease in net assets differs from the change in fund balance. A reconciliation of the change in fund balances to the change in net assets appears on page 18.

**WHITEFORD AGRICULTURAL SCHOOL DISTRICT
IN THE COUNTIES OF MONROE AND LENAWE, MICHIGAN**

*Management's Discussion and Analysis
Year Ended June 30, 2005*

Fund Financial Analysis

As noted earlier, the School District uses funds to help control and manage money for particular purposes. Looking at funds helps the reader consider whether Whiteford Schools is being held accountable for the resources taxpayers and others provide to it and may give more insight into the School District's overall financial health.

As the School District completed this year, the governmental funds reported a combined fund balance of \$1,431,259, which is a decrease of \$202,510 from last year. The changes by major and nonmajor funds are as follows:

	<u>General Fund</u>	<u>Nonmajor Funds</u>	<u>Total</u>
Fund balances - Beginning of year	\$1,348,230	\$285,539	\$1,633,769
Increase (decrease)	<u>(194,437)</u>	<u>(8,073)</u>	<u>(202,510)</u>
Fund balances – End of year	<u><u>\$1,153,793</u></u>	<u><u>\$277,466</u></u>	<u><u>\$1,431,259</u></u>

The School District's General Fund balance decrease is due to many factors. The tables that follow assist in illustrating the financial activities of the General Fund.

Revenues	<u>June 30, 2005</u>	<u>June 30, 2004</u>	<u>Percent Change</u>
Local sources	\$ 939,522	\$ 892,005	5.33%
State sources	4,402,974	4,392,927	.23%
Federal sources	54,541	49,621	9.92%
Interdistrict and other sources	<u>345,782</u>	<u>292,486</u>	18.23%
	<u><u>\$5,742,819</u></u>	<u><u>\$5,627,039</u></u>	2.06%

**WHITEFORD AGRICULTURAL SCHOOL DISTRICT
IN THE COUNTIES OF MONROE AND LENAWE, MICHIGAN**

*Management's Discussion and Analysis
Year Ended June 30, 2005*

Fund Financial Analysis – Concluded

Expenditures	<u>June 30, 2005</u>	<u>June 30, 2004</u>	<u>Percent Change</u>
Instruction	\$3,691,520	\$3,504,616	5.34%
Support services	2,101,078	2,230,250	(5.80%)
Community services	14,552	15,349	(5.19%)
Interdistrict and other uses	42,037	64,455	(34.78%)
Operating transfers out	<u>88,069</u>	<u>97,352</u>	(9.54%)
	<u>\$5,937,256</u>	<u>\$5,912,022</u>	0.43%

General Fund Budgetary Highlights

The Uniform Budget Act of the State of Michigan requires the Board of Education to adopt the original budget for the upcoming fiscal year prior to July 1, the start of the fiscal year. Over the course of the year, the School District revises its budget as it attempts to deal with unexpected changes in revenues and expenditures. State law requires that the budget be amended to ensure that expenditures do not exceed appropriations. A schedule illustrating the School District's original and final budget amounts compared with amounts actually paid and received is provided in the required supplemental information of these financial statements. Revisions to the General Fund original budget were as follows:

Revenues – The original budget for revenues was \$5,434,679 versus the final budget of \$5,767,957. Major components of revenue and the original versus final projections are discussed below.

- Revenue in the budget increased due to reinstating the Latchkey and “CATS” reading program.
- Adjustment to State Aid due to increase in pupil count.
- Increase in taxable values in the district.
- Tech millage budgeted revenue was increased to reflect unspent tech millage money in beginning fund balance.

Expenditures – The original budget for expenditures was \$6,057,167 compared to the final budget of \$6,167,870. This is a increase of \$110,703 which represents numerous small variances throughout the entire General Fund budget.

Final Budget versus Actual Figures

Revenues – General Fund actual revenue was \$25,138 less than budget mainly due to the deferral of At Risk and Durant money and the carryover of Tech millage funds to 2005-06.

**WHITEFORD AGRICULTURAL SCHOOL DISTRICT
IN THE COUNTIES OF MONROE AND LENA WEE, MICHIGAN**

*Management's Discussion and Analysis
Year Ended June 30, 2005*

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Final Budget versus Actual Figures - Concluded

- Expenditures – Final budget for expenditures was \$6,167,870 compared to actual expenditures of \$5,937,256. This difference is mainly attributed to the following:
 - Tech millage funds were carried over.
 - Durant funds were deferred.
 - Athletic transfer was less than anticipated.
 - Delay of special education bus air conditioning.

Capital Asset and Debt Administration

Capital Assets

At June 30, 2005, the School District had \$11,019,494 invested in a broad range of capital assets, including land, land improvements, buildings and improvements, buses and other vehicles, furniture and equipment. This amount represents a net increase of \$23,151 from last year. This year's additions included a school bus and building renovations paid out of the 2001 bond issue. Depreciation for this year totaled \$264,204. Detailed information regarding capital assets is included in Note 5 to the Financial Statements.

Debt

At June 30, 2005, the School District had \$8,029,777 in outstanding bonds. The State limits the amount of general obligation debt that schools can issue to 15 percent of the assessed value of all taxable property within the School District's boundaries. The School District's outstanding general obligation debt is significantly below the statutorily imposed limit.

Other obligations include accrued vacation, sick and severance pay. More detailed information about long-term liabilities is presented in Note 9 to the Financial Statements.

Development of the 2005-06 Fiscal Year Budget

Our elected officials and administration consider many factors when setting the School District's 2005-06 fiscal year budget. One of the most important factors affecting the budget is our student count. The State foundation revenue is determined by multiplying the blended student count by the foundation allowance per pupil. The blended count for the 2006 fiscal year is 25 percent of the February 2005 and 75 percent of the September 2005 student counts. The 2005-06 budget was adopted in June 2005. Approximately 89% of total revenue is from the foundation allowance and property tax levy. Based on early enrollment data at the start of the 2005-06 school year, we anticipate that the fall student count will be greater than the estimates used in creating the 2005-06 budget. The increase in students can be attributed to the additional students enrolled through the schools of choice program.

Since the School District's revenue is heavily dependent on State funding and the health of the State's School Aid Fund, the actual revenue received depends on the State's ability to collect revenues to fund its appropriation to school districts. Once the final student count and related per pupil funding is validated, the School District will amend the budget accordingly. The budget was set using an increase of \$150 per pupil. The actual increase will be \$175 per pupil.

**WHITEFORD AGRICULTURAL SCHOOL DISTRICT
IN THE COUNTIES OF MONROE AND LENAWE, MICHIGAN**

*Management's Discussion and Analysis
Year Ended June 30, 2005*

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Contacting Whiteford Schools Business Office

This financial report is designed to provide the School District's citizens, taxpayers, customers, investors and creditors with a general overview of the School District's finances and to demonstrate the School's accountability for the money it receives. If you have questions about this report or need additional information, contact the Business Office, 6655 Consear Road, Ottawa Lake, MI 49267.

BASIC FINANCIAL STATEMENTS

DISTRICT - WIDE FINANCIAL STATEMENTS

**WHITEFORD AGRICULTURAL SCHOOL DISTRICT IN
THE COUNTIES OF MONROE AND LENAWE, MICHIGAN**

*Statement of Net Assets
June 30, 2005*

	Governmental Activities
Assets	
Cash and cash equivalents	\$1,955,559
Accounts/taxes receivable	5,681
Due from other governmental units	824,523
Inventories	3,405
Prepaid expenses	550
Depreciable capital assets, net	8,404,822
	<hr/>
Total Assets	11,194,540
	<hr/>
Liabilities	
Accounts payable	29,716
Salaries payable	328,821
Other liabilities	177,114
Accrued interest payable	134,841
State aid note payable	800,000
Deferred revenue	22,808
Long-term liabilities:	
Due within one year	146,105
Due in more than one year	8,191,844
	<hr/>
Total Liabilities	9,831,249
	<hr/>
Net Assets	
Invested in capital assets, net of related debt	429,822
Restricted for technology enhancement	69,540
Restricted for debt service	255,283
Restricted for capital projects	22,183
Unrestricted	586,463
	<hr/>
Total Net Assets	\$1,363,291
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See accompanying notes to the basic financial statements

**WHITEFORD AGRICULTURAL SCHOOL DISTRICT IN
THE COUNTIES OF MONROE AND LENAWE, MICHIGAN**

*Statement of Activities
Year Ended June 30, 2005*

Functions/Programs	Expenses	Program Revenues		Governmental
		Charges for Services	Operating Grants and Contributions	Activities Net (Expense) Revenue and Changes in Net Assets
Primary government - Governmental activities:				
Instruction	\$3,683,832	\$18,664	\$418,340	(\$3,246,828)
Support services	2,099,118	0	18,578	(2,080,540)
Community services	14,552	21,583	0	7,031
Athletics	123,705	47,258	0	(76,447)
Food services	200,363	138,318	42,975	(19,070)
Interdistrict uses	42,037	0	871	(41,166)
Interest on long-term debt	395,425	0	0	(395,425)
Depreciation (Unallocated)	264,204	0	0	(264,204)
 Total Governmental Activities	 \$6,823,236	 \$225,823	 \$480,764	 (\$6,116,649)
General Revenues:				
Taxes:				
Property taxes, levied for general operations				864,974
Property taxes, levied for technology				155,657
Property taxes, levied for debt retirement				464,593
State of Michigan aid, unrestricted				4,169,778
Interest and investment earnings				31,614
Gain on disposal of asset				5,900
Other				58,169
				<u>5,750,685</u>
 Change in Net Assets				 (365,964)
 Net Assets - Beginning of year				 <u>1,729,255</u>
 Net Assets - End of year				 <u>\$1,363,291</u>

See accompanying notes to the basic financial statements

FUND FINANCIAL STATEMENTS

**WHITEFORD AGRICULTURAL SCHOOL DISTRICT IN
THE COUNTIES OF MONROE AND LENAWE, MICHIGAN**

*Governmental Funds
Balance Sheet
June 30, 2005*

	General	Other Nonmajor Governmental Funds	Totals
Assets			
Cash and cash equivalents	\$1,662,118	\$293,441	\$1,955,559
Accounts/taxes receivable	5,029	652	5,681
Due from other governmental units	823,347	1,176	824,523
Due from other funds	14,803	248	15,051
Inventory	0	3,405	3,405
Prepaid expense	300	250	550
Total Assets	<u>\$2,505,597</u>	<u>\$299,172</u>	<u>\$2,804,769</u>
Liabilities and Fund Balances			
Liabilities			
Accounts payable	\$23,048	\$6,668	\$29,716
Salaries payable	328,629	192	328,821
Other liabilities	177,071	43	177,114
State aid note payable	800,000	0	800,000
Deferred revenue	22,808	0	22,808
Due to other funds	248	14,803	15,051
Total Liabilities	1,351,804	21,706	1,373,510
Fund Balances			
Reserved for prepaid expenses	300	0	300
Reserved for technology enhancement	69,540	0	69,540
Reserved for debt service	0	255,283	255,283
Reserved for capital projects	0	22,183	22,183
Unreserved - undesignated	1,083,953	0	1,083,953
Total Fund Balances	<u>1,153,793</u>	<u>277,466</u>	<u>1,431,259</u>
Total Liabilities and Fund Balances	<u>\$2,505,597</u>	<u>\$299,172</u>	<u>\$2,804,769</u>

See accompanying notes to the basic financial statements

**WHITEFORD AGRICULTURAL SCHOOL DISTRICT IN
THE COUNTIES OF MONROE AND LENAWE, MICHIGAN**

*Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Assets
Year Ended June 30, 2005*

Total Fund Balances - Governmental Funds			\$1,431,259
Amounts reported for governmental activities in the statement of net assets are different because:			
Capital assets used in governmental activities are not financial resources and are not reported in the funds:			
Cost of the capital assets		\$11,019,494	
Accumulated depreciation		<u>(2,614,672)</u>	
			8,404,822
Long-term liabilities are not due and payable in the current period and are not reported in the funds:			
Bonds payable		(8,029,777)	
Compensated absences/severance compensation		(308,172)	
Accrued interest		<u>(134,841)</u>	
			<u>(8,472,790)</u>
Total Net Assets - Governmental Activities			<u><u>\$1,363,291</u></u>

See accompanying notes to the basic financial statements

**WHITEFORD AGRICULTURAL SCHOOL DISTRICT IN
THE COUNTIES OF MONROE AND LENAWE, MICHIGAN**

*Governmental Funds
Statement of Revenues, Expenditures, and Changes in Fund Balances
Year Ended June 30, 2005*

	General	Other Nonmajor Governmental Funds	Totals
Revenues			
Local sources	\$939,522	\$673,493	\$1,613,015
State sources	4,402,974	8,573	4,411,547
Federal sources	54,541	34,402	88,943
Interdistrict and other sources	345,782	0	345,782
	<hr/>	<hr/>	<hr/>
Total Revenues	5,742,819	716,468	6,459,287
Expenditures			
Instruction	3,691,520	0	3,691,520
Support services	2,101,078	324,068	2,425,146
Community service	14,552	0	14,552
Debt service	0	456,440	456,440
Capital outlay	0	32,102	32,102
Interdistrict and other uses	42,037	0	42,037
	<hr/>	<hr/>	<hr/>
Total Expenditures	5,849,187	812,610	6,661,797
	<hr/>	<hr/>	<hr/>
Excess (Deficiency) of Revenues Over Expenditures	(106,368)	(96,142)	(202,510)
Other Financing Sources (Uses)			
Operating transfers in	0	88,069	88,069
Operating transfers out	(88,069)	0	(88,069)
	<hr/>	<hr/>	<hr/>
Total Other Financing Sources (Uses)	(88,069)	88,069	0
	<hr/>	<hr/>	<hr/>
Net Change in Fund Balances	(194,437)	(8,073)	(202,510)
Fund Balances - Beginning of year	1,348,230	285,539	1,633,769
	<hr/>	<hr/>	<hr/>
Fund Balances - End of year	\$1,153,793	\$277,466	\$1,431,259
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

See accompanying notes to the basic financial statements

**WHITEFORD AGRICULTURAL SCHOOL DISTRICT IN
THE COUNTIES OF MONROE AND LENAWE, MICHIGAN**

*Reconciliation of the Statement of Revenues, Expenditures
and Changes in Fund Balances of Governmental Funds to the Statement of Activities
Year Ended June 30, 2005*

Total Net Change in Fund Balances - Governmental Funds (\$202,510)

Amounts reported for governmental activities in the statement of
activities are different because:

Governmental funds report capital outlays as expenditures;
in the statement of activities, these costs are allocated over their
estimated useful lives as depreciation:

Depreciation expense	(\$264,205)	
Capital outlay	<u>54,910</u>	
		(209,295)

Gains on the disposal of assets is recorded in the statement of activities;
but proceeds on the disposal are reported in the governmental funds (2,015)

Accrued interest is recorded in the statement of activities when incurred;
it is not reported in the governmental funds until paid 1,016

Repayments of bond principal is an expenditure in the governmental funds,
but not in the statement of activities (where it reduces long-term debt) 60,000

Increases in the liability for compensated absences are reported as
expenditures in the statement of activities, but not in the
governmental funds (13,160)

Change in Net Assets of Governmental Activities (\$365,964)

See accompanying notes to the basic financial statements

**WHITEFORD AGRICULTURAL SCHOOL DISTRICT IN
THE COUNTIES OF MONROE AND LENAWE, MICHIGAN**

*Fiduciary Fund
Statement of Fiduciary Net Assets
June 30, 2005*

	<u>Agency Fund</u>
	<u>Student Activities</u>
Assets	
Cash and certificates of deposit	<u>\$106,145</u>
Total Assets	<u><u>\$106,145</u></u>
Liabilities	
Due to student groups	<u>\$106,145</u>
Total Liabilities	<u><u>\$106,145</u></u>

See accompanying notes to the basic financial statements

**WHITEFORD AGRICULTURAL SCHOOL DISTRICT
IN THE COUNTIES OF MONROE AND LENAWEE, MICHIGAN**

*Notes to Financial Statements
Year Ended June 30, 2005*

Note 1 Description of the School District and Reporting Entity

The School District operates under a locally elected seven member Board form of government and provides educational and supportive services as mandated by the State of Michigan and/or federal agencies. This Board of Education controls the School District's instructional and support facilities.

Reporting Entity

A reporting entity is comprised of the primary government, component units, and other organizations that are included to insure that the financial statements are not misleading. The primary government of the School District consists of all funds, departments, boards, and agencies that are not legally separate from the School District. For Whiteford Agricultural School District in the Counties of Monroe and Lenawee, Michigan (Whiteford Schools), this includes general operations, athletics, food service, debt, capital projects and student related activities of the School District.

Component units are legally separate organizations for which the School District is financially accountable. Component units may also include organizations that are fiscally dependent on the School District in that the School District approves their budget, the issuance of their debt, or the levying of taxes. The School District has no component units.

Note 2 Summary of Significant Accounting Policies

The financial statements of Whiteford Schools, have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The School District also applies Financial Accounting Standards Board (FASB) statements and interpretations issued on or before November 30, 1989, to its governmental activities provided they do not conflict with or contradict GASB pronouncements. Following are the more significant of the School District's accounting policies.

Basis of Presentation

A. District-Wide and Fund Financial Statements

The district-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government. As a general rule, the effect of interfund activity has been eliminated from the district-wide statements. All of the School District's district-wide activities are considered to be governmental activities. The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Amounts reported as program revenue include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions. General revenue includes taxes, intergovernmental payments, and other items not properly included among program revenues.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the district-wide financial statements. Individual major governmental funds are reported as separate columns in the fund financial statements.

**WHITEFORD AGRICULTURAL SCHOOL DISTRICT
IN THE COUNTIES OF MONROE AND LENAWE, MICHIGAN**

*Notes to Financial Statements
Year Ended June 30, 2005*

Note 2 Summary of Significant Accounting Policies (Continued)
Basis of Presentation (Concluded)

B. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

District-Wide Statements - The district-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants, categorical aid, and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Fund Financial Statements - Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, unrestricted State aid, intergovernmental grants, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenue of the current fiscal period. All other revenue items are considered to be available only when cash is received by the School District.

Fiduciary fund statements also are reported using the economic resources measurement focus and the accrual basis of accounting.

The School District reports the following major governmental fund:

The General Fund is the School District's primary operating fund. The General Fund accounts for all financial resources of the School District, except those required to be accounted for in another fund.

The School District reports the following nonmajor governmental funds:

The Athletics Fund, Food Service Fund, 2001 School Bond Debt Retirement Fund, and the 2001 Capital Projects Fund are the School District's nonmajor governmental funds. These funds are used to account for specific revenue sources that are restricted for a particular purpose.

**WHITEFORD AGRICULTURAL SCHOOL DISTRICT
IN THE COUNTIES OF MONROE AND LENAWE, MICHIGAN**

*Notes to Financial Statements
Year Ended June 30, 2005*

Note 2 Summary of Significant Accounting Policies (Continued)

C. Assets, Liabilities, and Net Assets or Equity

Deposits and Investments - Cash and cash equivalents include cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Additionally, the School District's external investment pool is treated as a cash equivalent because the funds can deposit or effectively withdraw cash at any time without prior notice and penalty.

State statutes and the School District's investment policy authorize the School District to make deposits in the accounts of federally insured banks, credit unions, and savings and loan associations that have offices in Michigan; the School District is allowed to invest in U.S. Treasury or Agency obligations, U.S. government repurchase agreements, bankers' acceptances, commercial paper rated prime at the time of purchase that matures not more than 270 days after the date of purchase, mutual funds, and investment pools that are composed of authorized investment vehicles. The School District's deposits are in accordance with statutory authority.

Property Tax Receivable - Property taxes are assessed as of December 31 and the related property taxes become a lien on December 1 of the following year. Taxes are considered delinquent March 1 of the following year. A portion of property taxes assessed are received by the School District from the State of Michigan in the form of a Foundation Allowance. The Foundation Allowance represents the difference between an amount guaranteed by the state and the per pupil tax revenue generated from an 18 mill levy (subject to Headlee rollback) on all non-homestead property. To meet the district per pupil guarantee, the state levies 6 mills on all taxable property on a statewide basis.

Prepaid Assets - Payments made to vendors for services that will benefit periods beyond June 30, 2005, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed.

Inventory - Inventories are valued at cost, on a first-in, first-out basis. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased. United States Department of Agriculture Commodities inventory received by the Food Service Fund are recorded as expenditures when received.

Capital Assets - General capital assets are those assets related to the general activities and expenditures reported in the governmental funds. These assets are reported in the governmental activities column of the district-wide statement of net assets but are not reported on the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and reductions during the year. Donated fixed assets are recorded at their fair market values as of the date received. The School District maintains a capitalization threshold of five thousand dollars. The School District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized.

**WHITEFORD AGRICULTURAL SCHOOL DISTRICT
IN THE COUNTIES OF MONROE AND LENAWE, MICHIGAN**

*Notes to Financial Statements
Year Ended June 30, 2005*

Note 2 Summary of Significant Accounting Policies (Continued)

C. Assets, Liabilities, and Net Assets or Equity (Continued)

Capital Assets (Concluded)

All reported capital assets, other than land, are depreciated. Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Land improvement	20 years
Buildings and building improvements	50 years
Machinery and equipment	5-20 years
Vehicles	8 years

Interfund Balances - On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "due to/due from." These amounts are eliminated in the governmental activities column of the statement of net assets.

Compensated Absences - Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the School District will compensate the employees for the benefits through paid time off or some other means.

Sick leave benefits are accrued as a liability using the vesting method. The amount is based on accumulated sick leave and employees' wage rates at fiscal year end, taking into consideration any limits specified in the School District's employment contracts.

The entire compensated absence liability is reported on the district-wide financial statements.

For governmental fund financial statements, the current portion of unpaid compensated absences is the amount that is normally expected to be paid using expendable available financial resources. These amounts are recorded in the account "other liabilities" in the fund from which the employees who have accumulated leave are paid. The noncurrent portion of the liability is not reported.

Accrued Liabilities and Long-Term Obligations - All payables, accrued liabilities and long-term obligations are reported in the district-wide financial statements.

In general, governmental fund payables and accrued liabilities that once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, claims and judgments, compensated absences, and contractually required pension contributions that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current year. Payments of long-term loans are recognized as an expenditure on the governmental fund financial statements when due.

**WHITEFORD AGRICULTURAL SCHOOL DISTRICT
IN THE COUNTIES OF MONROE AND LENAWE, MICHIGAN**

*Notes to Financial Statements
Year Ended June 30, 2005*

Note 2 Summary of Significant Accounting Policies (Continued)

C. Assets, Liabilities, and Net Assets or Equity (Continued)

Net Assets - Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors or laws, or regulations of other governments.

Interfund Transactions - Exchange transactions between funds are reported as revenues in the seller funds and as expenditures in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds. Repayments from funds responsible for particular expenditures to the funds that initially paid for them are not presented on the financial statements.

Fund Balance Reserves and Designations - In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

- D. Estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported on the financial statements and accompanying notes. Actual results may differ from those estimates.
- E. Extraordinary and Special Items - Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the School District and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during fiscal year 2005.
- F. Budgetary Policies - The budgetary process is prescribed by provisions of the State of Michigan Budget Act and entails the preparation of budgetary documents within an established timetable. The General Fund and all Special Revenue Funds are legally required to be budgeted and appropriated. The legal level of budgetary control has been established by the Board of Education at the function level. Any budgetary modifications may only be made by resolution of the Board of Education.

**WHITEFORD AGRICULTURAL SCHOOL DISTRICT
IN THE COUNTIES OF MONROE AND LENAWE, MICHIGAN**

*Notes to Financial Statements
Year Ended June 30, 2005*

Note 2 Summary of Significant Accounting Policies (Concluded)

F. Budgetary Policies (Concluded)

The School District follows these procedures in establishing the budgets for the individual funds as reflected in the financial statements.

1. Prior to June 30, the Superintendent submits to the School Board a proposed operating budget for the fiscal year commencing on July 1.
2. A public hearing is conducted during June to obtain taxpayer comments.
3. Prior to June 30, the budget is legally enacted through passage of a resolution.
4. During the year the budget is monitored, and amendments to the budget resolution are made when deemed necessary.

Lapsing of Appropriations - At the close of each year all unspent appropriations revert to the respective funds from which they were appropriated and become subject to future appropriations.

Note 3 Stewardship, Accountability and Compliance

The School District shall not incur expenditures in excess of the amount appropriated. Annual budgets are adopted on a basis that is consistent with generally accepted accounting principles and State Law for the General and Special Revenue Funds.

In the required supplemental information, the School District's actual expenditures and budgeted expenditures for the budgetary funds have been shown on a functional basis, which is the adopted legal level of control.

During the year ended June 30, 2005, the School District incurred expenditures in a budgetary function which was in excess of the amounts appropriated. There were no deficit fund balances for any of the School District's funds required to be budgeted.

Note 4 Deposits and Investments

As of June 30, 2005, the School District's deposits and investments are all on deposit with Monroe Bank and Trust, LaSalle Bank, Fifth Third Bank, Flagstar Bank, and Michigan School District Liquid Asset Fund Plus.

- A. Interest rate risk. In accordance with its investment policy, the School District will minimize interest rate risk, which is the risk that the market value of securities in the portfolio will fall due to changes in market interest rates, by; structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities in the open market; and, investing operating funds primarily in shorter-term securities, liquid asset funds, money market mutual funds, or similar investment pools and limiting the average maturity in accordance with the School District's cash requirements.

**WHITEFORD AGRICULTURAL SCHOOL DISTRICT
IN THE COUNTIES OF MONROE AND LENAWE, MICHIGAN**

*Notes to Financial Statements
Year Ended June 30, 2005*

Note 4 Deposits and Investments (Concluded)

- B. Credit risk. The School District will minimize custodial credit risk, which is the risk of loss due to the failure of the security issuer or backer, by; limiting investments to the types of securities listed in the School District's investment policy; and pre-qualifying the financial institutions, brokers/dealer, intermediaries and advisors with which the School District will do business in accordance with the School District's investment policy.
- C. Concentration of credit risk. The School District will minimize concentration of credit risk, which is the risk of loss attributed to the magnitude of the School District's investment in a single issuer, by diversifying the investment portfolio so that the impact of potential losses from any one type of security or issuer will be minimized.
- D. Custodial credit risk - deposits. In the case of deposits, this is the risk that in the event of a bank failure, the government's deposit may not be returned to it. As of June 30, 2005, \$1,758,804 of the School District's bank balance of \$2,158,804 was exposed to custodial credit risk because it was uninsured and uncollateralized.
- E. Custodial credit risk - investments. For an investment, this is the risk that, in the event of the failure of the counterparty, the School District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

The School District will minimize custodial credit risk, which is the risk of loss due to the failure of the security issuer or backer by; limiting investments to the types of securities listed in the School District's investment policy, and pre-qualifying the financial institutions, broker/dealer, intermediaries and advisors with which the School District will do business in accordance to the School District's investment policy.

The School District voluntarily invests certain excess funds in the Michigan Investment Liquid Asset Fund (MILAF). MILAF is an external pooled investment fund of "qualified" investments for Michigan school districts. MILAF is not regulated nor is it registered with the Securities Exchange Commission. MILAF reports that as of June 30, 2005, the fair value of the School District's investments is the same as the value of the pool shares. As of June 30, 2005, \$43,969 was held with MILAF.

- F. Foreign currency risk. The School District is not authorized to invest in investments which have this type of risk.

**WHITEFORD AGRICULTURAL SCHOOL DISTRICT
IN THE COUNTIES OF MONROE AND LENAWE, MICHIGAN**

*Notes to Financial Statements
Year Ended June 30, 2005*

Note 5 Capital Assets

Capital asset activity for the fiscal year ended June 30, 2005, was as follows:

	Balance July 1, 2004	Additions	Deletions	Balance June 30, 2005
Assets not being depreciated:				
Land	\$21,913	\$0	\$0	\$21,913
Capital assets being depreciated:				
Land improvements	416,181	0	0	416,181
Buildings and building improvements	9,753,619	28,610	0	9,782,229
Machinery and equipment	128,425	0	0	128,425
Vehicles	<u>676,205</u>	<u>26,300</u>	<u>31,759</u>	<u>670,746</u>
Total capital assets	10,996,343	54,910	31,759	11,019,494
Less Accumulated Depreciation:				
Land improvements	(30,731)	(20,265)	0	(50,996)
Buildings and building improvements	(1,785,457)	(194,877)	0	(1,980,334)
Machinery and equipment	(91,813)	(7,202)	0	(99,015)
Vehicles	<u>(472,211)</u>	<u>(41,860)</u>	<u>(29,744)</u>	<u>(484,327)</u>
Total accumulated depreciation	<u>(2,380,212)</u>	<u>(264,204)</u>	<u>(29,744)</u>	<u>(2,614,672)</u>
Net capital assets	<u>\$8,616,131</u>	<u>(\$209,294)</u>	<u>\$2,015</u>	<u>\$8,404,822</u>

Depreciation expense was charged to governmental functions as an unallocated expense.

Note 6 Interfund Payables, Receivables, and Transfers

Interfund balances at June 30, 2005 consisted of the following individual fund receivables and payables:

		Due From		
	General Fund	Food Service Fund	Athletics Fund	Total
<u>Due To:</u>				
Athletics Fund	\$248	\$ -	\$ -	\$ 248
General Fund	<u>-</u>	<u>6,220</u>	<u>8,583</u>	<u>14,803</u>
	<u>\$248</u>	<u>\$6,220</u>	<u>\$8,583</u>	<u>\$15,051</u>

The interfund balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the following accounting system, and (3) payments between funds are made.

**WHITEFORD AGRICULTURAL SCHOOL DISTRICT
IN THE COUNTIES OF MONROE AND LENAWE, MICHIGAN**

*Notes to Financial Statements
Year Ended June 30, 2005*

Note 6 Interfund Payables, Receivables, and Transfers (Concluded)
Interfund transfers at June 30, 2005, consisted of the following:

	<u>Transfers Out</u> <u>General Fund</u>
<u>Transfers In:</u>	
Food Service Fund	\$13,861
Athletics Fund	<u>74,208</u>
	<u>\$88,069</u>

Transfers from the General Fund represents the use of unrestricted funds to support programs accounted for in other funds.

Note 7 Defined Benefit Pension Plans and Postemployment Benefits

A. Plan Description

The School participates in the Michigan Public School Employees' Retirement System (MPSERS), a statewide, cost-sharing, multiple-employer defined benefit public employee retirement system governed by the State of Michigan that covers substantially all employees of the School. The MPSERS provides retirement, survivor and disability benefits to plan members and their beneficiaries. The MPSERS issues a publicly available financial report that includes financial statements and required supplementary information for the MPSERS. That report may be obtained by writing to the MPSERS at 7150 Harris Drive, P.O. Box 30171, Lansing, MI 48909-7671.

B. Funding Policy

Employer contributions to the MPSERS result from the implementing effects of the School Finance Reform Act. Under these procedures, each school district is required to contribute the full actuarial funding contribution amount to fund pension benefits, plus an additional amount to fund retiree health care benefit amounts on a cash disbursement basis. The pension benefit rate was 12.99 percent for the period July 1, 2004 through September 30, 2004 and was 14.87 percent for the period October 1, 2004 through June 30, 2005 of the covered payroll to the plan.

Basic plan members make no contributions, but member investment plan (MIP) members contribute at rates ranging from 3 percent to 4.3 percent of gross wages. The School's contributions to the MPSERS pension plan for the years ended June 30, 2005, 2004, and 2003 were \$630,834, \$585,592, and \$573,827, respectively. These contributions consisted of the following:

C. Postemployment Benefits

Under the MPSERS Act, all retirees participating in the MPSERS pension plan have the option of continuing health, dental, and vision coverage. Retirees electing continuing coverage, contribute a monthly portion of the premium based on various factors specified by the retirement system for the health, dental, and vision coverages. Required contributions for postemployment health care benefits are included as part of the School's total contribution to the MPSERS pension plan discussed above.

**WHITEFORD AGRICULTURAL SCHOOL DISTRICT
IN THE COUNTIES OF MONROE AND LENAWE, MICHIGAN**

*Notes to Financial Statements
Year Ended June 30, 2005*

Note 8 Enhancement Millage for Technology

On June 9, 1997, a five year enhancement millage was passed by the voters of Monroe County. The taxable value of all property in the Monroe County Intermediate School District was assessed one mill from 1997 to 2001. This technology enhancement millage was renewed at 0.9963 mill by the voters of Monroe County on June 11, 2001 for an additional five years, 2002 to 2006. The intermediate school district will distribute the tax collections to the local public school districts based on pupil membership count. The tax millage received by the local school districts will be used for technology enhancements and related expenses.

Note 9 Long-Term Debt

Following is a summary of changes in long-term debt:

	Balance			Balance	Amounts
	June 30, 2004	Additions	Payments	June 30, 2005	Due in
					One Year
School Improvement Bonds Series 1998	\$ 54,777	\$ -	\$ -	\$ 54,777	\$ 4,150
2001 School Bonds	<u>8,035,000</u>	<u>-</u>	<u>60,000</u>	<u>7,975,000</u>	<u>115,000</u>
	8,089,777	-	60,000	8,029,777	119,150
Compensated absences payable	<u>295,012</u>	<u>13,160</u>	<u>-</u>	<u>308,172</u>	<u>26,955</u>
	<u>\$8,384,789</u>	<u>\$13,160</u>	<u>\$60,000</u>	<u>\$8,337,949</u>	<u>\$146,105</u>

Compensated absences payable represents benefits for vacation, sick leave and severance as of year end.

School Improvement Bonds, Series 1998 - Interest rate 4.8%

These Bonds were issued as a settlement of the Durant issue between Whiteford Agricultural School and the State of Michigan. The bonds are a legal obligation of Whiteford Agricultural School. The liability created by these bonds will be reduced each year by an annual State of Michigan appropriation for debt service on the bonds, and this annual appropriation is the only revenue source for making the annual debt service payments on the bonds. If the State of Michigan fails to appropriate the funds, there is no obligation for Whiteford Agricultural School to make the payment. If there is a failure to appropriate the funds for debt service in any year, Whiteford Agricultural School will write off the debt service for that fiscal year only. During the year ended June 30, 2003, the State of Michigan revised the annual debt service payment schedule. The payments for years ending 2003, 2004, and 2005 will be paid in 2011.

Fiscal Year	Interest Requirements May 1	Bond Maturities May 1	Total Requirements
2006	\$ 1,871	\$ 4,150	\$ 6,021
2007	1,673	4,347	6,020
2008	1,466	4,555	6,021
2009	1,249	4,772	6,021
2010	1,022	4,999	6,021
2011	7,692	20,721	28,413
2012	535	5,486	6,021
2013	<u>274</u>	<u>5,747</u>	<u>6,021</u>
	<u>\$15,782</u>	<u>\$54,777</u>	<u>\$70,559</u>

**WHITEFORD AGRICULTURAL SCHOOL DISTRICT
IN THE COUNTIES OF MONROE AND LENAWE, MICHIGAN**

*Notes to Financial Statements
Year Ended June 30, 2005*

Note 9

Long-Term Debt (Concluded)

2001 School Building and Site Bonds - Interest rate 5.0724%

These bonds were approved by the voters of Whiteford Agricultural School on March 20, 2001. The proceeds are to be used for erecting, furnishing and equipping an addition to the elementary school; partially remodeling, refurbishing and reequipping the elementary and middle high schools; and developing and improving the school site. The bonds are to be paid by an annual property tax millage.

<u>Fiscal Year</u>	<u>Interest Requirements</u>		<u>Bond</u> <u>Maturities</u>	<u>Total</u> <u>Requirements</u>
	<u>November 1</u>	<u>May 1</u>	<u>May 1</u>	
2006	\$ 196,882	\$ 196,882	\$ 115,000	\$ 508,764
2007	194,582	194,582	115,000	504,164
2008	192,282	192,282	130,000	514,564
2009	189,617	189,617	155,000	534,234
2010	186,362	186,362	180,000	552,724
2011	182,312	182,312	210,000	574,624
2012	177,587	177,587	240,000	595,174
2013	172,188	172,188	270,000	614,376
2014	165,438	165,438	305,000	635,876
2015	157,813	157,813	340,000	655,626
2016	149,313	149,313	370,000	668,626
2017	140,063	140,063	390,000	670,126
2018	130,313	130,313	415,000	675,626
2019	119,937	119,937	435,000	674,874
2020	109,062	109,062	460,000	678,124
2021	97,563	97,563	485,000	680,126
2022	85,438	85,438	515,000	685,876
2023	72,563	72,563	545,000	690,126
2024	58,937	58,937	575,000	692,874
2025	44,203	44,203	575,000	663,406
2026	29,469	29,469	575,000	633,938
2027	14,734	14,734	575,000	604,468
	<u>\$2,866,658</u>	<u>\$2,866,658</u>	<u>\$7,975,000</u>	<u>\$13,708,316</u>

Annual principal and interest requirements to maturity for the above bond obligations are as follows:

<u>Fiscal Year</u>	<u>Interest</u>	<u>Principal</u>	<u>Total</u> <u>Requirement</u>
2006	\$ 395,635	\$ 119,150	\$ 514,785
2007	390,837	119,347	510,184
2008	386,030	134,555	520,585
2009	380,483	159,772	540,255
2010	373,746	184,999	558,745
2011 - 2015	1,719,177	1,396,954	3,116,131
2016 - 2020	1,297,376	2,070,000	3,367,376
2021 - 2025	717,408	2,695,000	3,412,408
2026 - 2027	88,406	1,150,000	1,238,406
	<u>\$5,749,098</u>	<u>\$8,029,777</u>	<u>\$13,778,875</u>

**WHITEFORD AGRICULTURAL SCHOOL DISTRICT
IN THE COUNTIES OF MONROE AND LENAWE, MICHIGAN**

*Notes to Financial Statements
Year Ended June 30, 2005*

Note 10 Property Taxes

Property taxes are recorded as revenue when levied and received by the various governmental units that collect the School District's taxes. The School District's 2004 property taxes were levied on December 1, 2004 on assessed valuations as of December 31, 2003. Taxes were collected beginning December 1, 2004 and payments were due by February 14, 2005. Taxable values are based on a percentage of the fair market value of the assessed property. The following is a summary of the 2004 property tax levy:

	<u>Taxable Value</u>	<u>Mills Levied</u>	<u>Taxes Levied</u>
General Fund:			
Non-Homestead	\$ 48,013,507	18.000	\$ 864,244
2001 Debt Retirement Fund:			
Regular	161,415,096	2.850	460,034
IFT	3,102,456	1.425	<u>4,421</u>
Total			<u>\$1,328,699</u>

Note 11 Michigan Unemployment Tax

The School District is liable to the State for unemployment claims against the School District on a reimbursement basis. For the year ended June 30, 2005, the School District incurred claims of \$9,284.

Note 12 Cafeteria Contract

During the fiscal year ended June 30, 2005, the School District contracted with Compass Group USA, Inc. (Chartwells) to cover all cafeterias within the School District. Pursuant to this agreement, Chartwells manages the food service operations of the School District. All costs of Chartwells have been reflected in the financial statements of the Food Service Fund as contracted services.

Note 13 Contingencies

A. Grants

The School District received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies.

Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 2005.

B. Litigation

There are currently no matters in litigation with the School District as defendant.

**WHITEFORD AGRICULTURAL SCHOOL DISTRICT
IN THE COUNTIES OF MONROE AND LENAWE, MICHIGAN**

*Notes to Financial Statements
Year Ended June 30, 2005*

Note 14 Risk Management and Insurance Pool

The School District is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (worker's compensation), as well as medical benefits provided to employees. The School District has purchased commercial insurance for medical claims, self-funds worker's compensation claims subject to stop loss insurance, and participates in the SET-SEG risk pool for general liability, and property/casualty claims. Settled claims relating to the commercial insurance did not exceed the amount of insurance coverage in any of the past three fiscal years.

The SET-SEG shared risk pool program in which the School District participates operates as a common risk sharing management program for school districts in Michigan; member premiums are used to purchase commercial excess insurance coverage and to pay member claims in excess of deductible amounts.

Note 15 2001 Capital Projects Fund

The 2001 Capital Projects Fund includes capital project activities funded with bonds issued after May 1, 1994. For these capital projects, the School District has complied with the applicable provision of §1351a of the Revised School Code.

REQUIRED SUPPLEMENTAL INFORMATION

**WHITEFORD AGRICULTURAL SCHOOL DISTRICT IN
THE COUNTIES OF MONROE AND LENAWE, MICHIGAN**

*General Fund
Budgetary Comparison Schedule
Year Ended June 30, 2005*

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Local sources	\$866,037	\$918,288	\$939,522	\$21,234
State sources	4,220,710	4,409,186	4,402,974	(6,212)
Federal sources	58,534	62,049	54,541	(7,508)
Interdistrict and other sources	289,398	378,434	345,782	(32,652)
Total Revenues	5,434,679	5,767,957	5,742,819	(25,138)
Expenditures				
Instruction:				
Basic programs	3,293,433	3,361,731	3,321,480	40,251
Added needs	343,199	382,790	370,040	12,750
Support services:				
Pupil	239,843	242,803	234,469	8,334
Instructional staff	142,501	137,842	110,016	27,826
General administration	225,125	220,219	210,847	9,372
School administration	453,158	439,873	434,613	5,260
Business administration	104,405	121,286	117,921	3,365
Operation and maintenance	639,506	605,114	567,444	37,670
Pupil transportation	333,698	419,148	369,644	49,504
Central services	72,113	77,129	56,124	21,005
Community service	0	15,664	14,552	1,112
Interdistrict and other uses	123,737	49,822	42,037	7,785
Total Expenditures	5,970,718	6,073,421	5,849,187	224,234
Excess (Deficiency) of Revenues Over Expenditures	(536,039)	(305,464)	(106,368)	199,096
Other Financing Sources (Uses)				
Operating transfer in	0	0	0	0
Operating transfer out	(86,449)	(94,449)	(88,069)	6,380
Total Other Financing Sources (Uses)	(86,449)	(94,449)	(88,069)	6,380
Net Change in Fund Balances	(622,488)	(399,913)	(194,437)	205,476
Fund Balances - Beginning of year	1,172,970	1,348,230	1,348,230	0
Fund Balances - End of year	<u>\$550,482</u>	<u>\$948,317</u>	<u>\$1,153,793</u>	<u>\$205,476</u>

**WHITEFORD AGRICULTURAL SCHOOL DISTRICT IN
THE COUNTIES OF MONROE AND LENAWE, MICHIGAN**

*General Fund
Schedule of Revenues-Budget and Actual
Year Ended June 30, 2005*

	Final Budget	Actual	Positive (Negative) Budget
Local Sources			
Property taxes	\$864,243	\$864,974	\$731
Tuition	2,704	6,898	4,194
Earnings on investments	17,500	27,106	9,606
Enrichment program	0	91	91
Latchkey program	15,462	21,491	6,029
Rental income	120	120	0
Contributions	11,329	11,255	(74)
Other revenue	6,930	7,587	657
Total Local Sources	918,288	939,522	21,234
State Sources			
Unrestricted grants:			
Proposal A obligation	3,095,651	3,093,776	(1,875)
Discretionary payment	1,075,999	1,076,002	3
Restricted grants:			
Special education-Headlee obligation	174,184	192,181	17,997
At Risk	41,108	28,435	(12,673)
Durant settlement	12,067	2,402	(9,665)
Gifted and talented	103	104	1
Driver education	2,702	2,702	0
Transfer from intermediate school district:			
Vocational education added costs	7,372	7,372	0
Total State Sources	4,409,186	4,402,974	(6,212)
Federal Sources			
Title I	33,046	30,818	(2,228)
Title II	24,502	19,337	(5,165)
Title V	1,074	959	(115)
Transfer from intermediate school district:			
Tech prep education	2,556	2,556	0
Safe and drug free schools	871	871	0
Total Federal Sources	62,049	54,541	(7,508)
Interdistrict and Other Sources			
Transfer from intermediate school district:			
County special education tax	116,000	137,420	21,420
Technology enhancement millage	208,970	155,657	(53,313)
Cooperative program	23,702	24,277	575
Insurance reimbursements	14,393	14,393	0
Other	7,454	6,120	(1,334)
Sale of fixed assets	7,915	7,915	0
Total Interdistrict and Other Sources	378,434	345,782	(32,652)
Total Revenues	\$5,767,957	\$5,742,819	(\$25,138)

**WHITEFORD AGRICULTURAL SCHOOL DISTRICT IN
THE COUNTIES OF MONROE AND LENAWE, MICHIGAN**

*General Fund
Schedule of Expenditures - Budget and Actual
Year Ended June 30, 2005*

	Salaries	Employee Benefits	Purchased Services
Instruction			
Basic Programs:			
Elementary	\$837,813	\$359,681	\$6,731
Middle School	545,928	242,806	3,255
High School	824,502	366,861	16,196
Summer School	1,698	361	0
	<u>2,209,941</u>	<u>969,709</u>	<u>26,182</u>
Added Needs:			
Special education	185,592	72,217	107
Compensatory education	33,510	7,483	0
Vocational education	48,695	16,154	122
	<u>267,797</u>	<u>95,854</u>	<u>229</u>
 Total Instruction	 2,477,738	 1,065,563	 26,411
Support Services			
Pupil:			
Guidance	101,081	40,907	97
Health	0	0	248
Speech	47,635	16,641	0
Other pupil services	21,464	4,827	0
	<u>170,180</u>	<u>62,375</u>	<u>345</u>
Instructional Staff:			
Improvement of instruction	84	19	4,543
Library	74,935	24,558	1,581
Technology assisted	0	0	1,856
	<u>75,019</u>	<u>24,577</u>	<u>7,980</u>
General Administration:			
Board of Education	3,180	250	17,669
Executive administration	125,056	51,088	4,779
	<u>128,236</u>	<u>51,338</u>	<u>22,448</u>
School Administration:			
Office of the principal	286,915	137,832	5,412
Other school administration	0	0	229
	<u>286,915</u>	<u>137,832</u>	<u>5,641</u>
Business Administration:			
Fiscal services	61,622	20,914	7,062
Other business services	0	0	7,679
	<u>61,622</u>	<u>20,914</u>	<u>14,741</u>

Supplies and Materials	Capital Outlay	Other Expenses	Totals	Final Budget	Positive (Negative) Budget
\$20,227	\$21,164	\$0	\$1,245,616	\$1,260,780	\$15,164
7,461	18,575	630	818,655	820,616	1,961
21,224	25,838	529	1,255,150	1,278,865	23,715
0	0	0	2,059	1,470	(589)
48,912	65,577	1,159	3,321,480	3,361,731	40,251
1,581	0	0	259,497	262,587	3,090
0	0	0	40,993	43,926	2,933
4,579	0	0	69,550	76,277	6,727
6,160	0	0	370,040	382,790	12,750
55,072	65,577	1,159	3,691,520	3,744,521	53,001
1,306	0	0	143,391	149,679	6,288
124	0	0	372	505	133
139	0	0	64,415	64,638	223
0	0	0	26,291	27,981	1,690
1,569	0	0	234,469	242,803	8,334
32	0	0	4,678	9,649	4,971
1,714	0	0	102,788	109,256	6,468
694	0	0	2,550	18,937	16,387
2,440	0	0	110,016	137,842	27,826
2,334	0	3,984	27,417	36,000	8,583
1,170	381	956	183,430	184,219	789
3,504	381	4,940	210,847	220,219	9,372
1,997	267	1,195	433,618	438,766	5,148
766	0	0	995	1,107	112
2,763	267	1,195	434,613	439,873	5,260
1,922	0	16	91,536	94,795	3,259
0	0	18,706	26,385	26,491	106
1,922	0	18,722	117,921	121,286	3,365

**WHITEFORD AGRICULTURAL SCHOOL DISTRICT IN
THE COUNTIES OF MONROE AND LENAWE, MICHIGAN**

*General Fund
Schedule of Expenditures - Budget and Actual
Year Ended June 30, 2005*

	Salaries	Employee Benefits	Purchased Services
(Concluded)			
Support Services			
Operation and maintenance	\$202,231	\$129,111	\$83,582
Pupil transportation	211,289	74,468	7,667
Central Services:			
Communication services	3,675	830	234
Staff services	0	0	4,814
Technology	14,945	1,673	14,140
	<u>18,620</u>	<u>2,503</u>	<u>19,188</u>
Total Support Services	1,154,112	503,118	161,592
Community Service			
Latchkey	10,966	2,467	0
Community education	<u>0</u>	<u>0</u>	<u>0</u>
Total Community Service	10,966	2,467	0
Interdistrict and Other Uses			
Payments to other governments	<u>0</u>	<u>0</u>	<u>0</u>
Total Interdistrict and Other Uses	<u>0</u>	<u>0</u>	<u>0</u>
Total Expenditures	3,642,816	1,571,148	188,003
Other Financing Uses			
Fund modifications:			
Operating transfer out:			
Transfer to Athletics	0	0	0
Transfer to Food Service	<u>0</u>	<u>0</u>	<u>0</u>
Total Other Financing Uses	<u>0</u>	<u>0</u>	<u>0</u>
Total Expenditures and Other Financing Uses	<u><u>\$3,642,816</u></u>	<u><u>\$1,571,148</u></u>	<u><u>\$188,003</u></u>

Supplies and Materials	Capital Outlay	Other Expenses	Totals	Final Budget	Positive (Negative) Budget
\$151,701	\$449	\$370	\$567,444	\$605,114	\$37,670
49,176	26,300	744	369,644	419,148	49,504
1,518	0	0	6,257	6,661	404
0	0	74	4,888	7,771	2,883
4,488	9,733	0	44,979	62,697	17,718
6,006	9,733	74	56,124	77,129	21,005
219,081	37,130	26,045	2,101,078	2,263,414	162,336
1,119	0	0	14,552	15,462	910
0	0	0	0	202	202
1,119	0	0	14,552	15,664	1,112
0	0	42,037	42,037	49,822	7,785
0	0	42,037	42,037	49,822	7,785
275,272	102,707	69,241	5,849,187	6,073,421	224,234
0	0	74,208	74,208	86,449	12,241
0	0	13,861	13,861	8,000	(5,861)
0	0	88,069	88,069	94,449	6,380
\$275,272	\$102,707	\$157,310	\$5,937,256	\$6,167,870	\$230,614

OTHER SUPPLEMENTAL INFORMATION

**WHITEFORD AGRICULTURAL SCHOOL DISTRICT IN
THE COUNTIES OF MONROE AND LENAWE, MICHIGAN**

*Nonmajor Governmental Funds
Combining Balance Sheet
June 30, 2005*

	Special Revenue Funds		Debt Retirement Fund	Capital Projects Fund	Total Nonmajor Governmental Funds
	Athletics	Food Service	2001 School Bond	2001 Capital Projects	
Assets					
Cash and cash equivalents	\$8,767	\$2,005	\$255,283	\$27,386	\$293,441
Accounts/taxes receivable	0	245	0	407	652
Due from other governmental units	0	1,176	0	0	1,176
Due from other funds	248	0	0	0	248
Inventory	0	3,405	0	0	3,405
Prepaid expenses	0	250	0	0	250
Total Assets	\$9,015	\$7,081	\$255,283	\$27,793	\$299,172
Liabilities and Fund Balances					
Liabilities					
Accounts payable	\$197	\$861	\$0	\$5,610	\$6,668
Salaries payable	192	0	0	0	192
Other liabilities	43	0	0	0	43
Due to other funds	8,583	6,220	0	0	14,803
Total Liabilities	9,015	7,081	0	5,610	21,706
Fund Balances					
Reserved for debt service	0	0	255,283	0	255,283
Reserved for capital projects	0	0	0	22,183	22,183
Total Fund Balances	0	0	255,283	22,183	277,466
Total Liabilities and Fund Balances	\$9,015	\$7,081	\$255,283	\$27,793	\$299,172

**WHITEFORD AGRICULTURAL SCHOOL DISTRICT IN
THE COUNTIES OF MONROE AND LENAWE, MICHIGAN**

*Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Year Ended June 30, 2005*

	Special Revenue Funds		Debt Retirement Fund	Capital Projects Fund	Total Nonmajor Governmental Funds
	Athletics	Food Service	2001 School Bond	2001 Capital Projects	
Revenues					
Local sources	\$49,497	\$143,527	\$468,222	\$12,247	\$673,493
State sources	0	8,573	0	0	8,573
Federal sources	0	34,402	0	0	34,402
Total Revenues	49,497	186,502	468,222	12,247	716,468
Expenditures					
Athletics	123,705	0	0	0	123,705
Food service	0	200,363	0	0	200,363
Debt service	0	0	456,440	0	456,440
Capital outlay	0	0	0	32,102	32,102
Total Expenditures	123,705	200,363	456,440	32,102	812,610
Excess (Deficiency) of Revenues Over Expenditures	(74,208)	(13,861)	11,782	(19,855)	(96,142)
Other Financing Uses					
Operating transfer in	74,208	13,861	0	0	88,069
Net Change in Fund Balances	0	0	11,782	(19,855)	(8,073)
Fund Balances - Beginning of year	0	0	243,501	42,038	285,539
Fund Balances - End of year	<u>\$0</u>	<u>\$0</u>	<u>\$255,283</u>	<u>\$22,183</u>	<u>\$277,466</u>

**WHITEFORD AGRICULTURAL SCHOOL DISTRICT IN
THE COUNTIES OF MONROE AND LENAWE, MICHIGAN**

*Athletics Fund
Statement of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual
Year Ended June 30, 2005*

	Original Budget	Final Budget	Actual	Positive (Negative) Budget
Revenues				
Local Sources:				
Admissions	\$25,700	\$27,650	\$27,882	\$232
Participation fees	20,775	19,375	19,376	1
Other	989	2,060	2,239	179
Total Revenues	47,464	49,085	49,497	412
Expenditures				
Salaries	79,615	79,615	76,464	3,151
Employee benefits	20,533	20,533	19,824	709
Purchases services	19,225	22,515	15,908	6,607
Supplies and materials	10,601	9,506	8,368	1,138
Capital outlay	989	415	0	415
Other	2,950	2,950	3,141	(191)
Total Expenditures	133,913	135,534	123,705	11,829
Excess (Deficiency) of Revenue Over Expenditures	(86,449)	(86,449)	(74,208)	12,241
Other Financing Sources (Uses)				
Operating transfer in	86,449	86,449	74,208	(12,241)
Net Change in Fund Balances	0	0	0	0
Fund Balance - Beginning of year	0	0	0	0
Fund Balance - End of year	\$0	\$0	\$0	\$0

**WHITEFORD AGRICULTURAL SCHOOL DISTRICT IN
THE COUNTIES OF MONROE AND LENAWE, MICHIGAN**

*Food Service Fund
Statement of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual
Year Ended June 30, 2005*

	Original Budget	Final Budget	Actual	Positive (Negative) Budget
Revenues				
Local Sources:				
Food sales	\$139,275	\$138,475	\$138,318	(\$157)
Interest income	100	100	132	32
Other	6,582	5,682	5,077	(605)
Total Local Sources	145,957	144,257	143,527	(730)
State Sources:				
Restricted grants	10,317	8,573	8,573	0
Federal Sources:				
Restricted grants	33,533	28,533	29,898	1,365
Commodities	8,000	8,000	4,504	(3,496)
Total Federal Sources	41,533	36,533	34,402	(2,131)
Total Revenues	197,807	189,363	186,502	(2,861)
Expenditures				
Salaries	51,502	51,502	50,503	999
Employee benefits	25,416	25,416	24,547	869
Purchases services	105,049	110,696	120,341	(9,645)
Supplies and materials	8,200	8,200	4,592	3,608
Capital outlay	2,189	1,299	130	1,169
Other	0	250	250	0
Total Expenditures	192,356	197,363	200,363	(3,000)
Excess (Deficiency) of Revenue Over Expenditures	5,451	(8,000)	(13,861)	(5,861)
Other Financing Sources (Uses)				
Operating transfer in	0	8,000	13,861	5,861
Net Change in Fund Balances	5,451	0	0	0
Fund Balance - Beginning of year	2,650	0	0	0
Fund Balance - End of year	\$8,101	\$0	\$0	\$0

**WHITEFORD AGRICULTURAL SCHOOL DISTRICT IN
THE COUNTIES OF MONROE AND LENAWE, MICHIGAN**

*2001 School Bond Debt Retirement Fund
Statement of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual
Year Ended June 30, 2005*

	Original Budget	Final Budget	Actual	Positive (Negative) Budget
Revenues				
Local Sources:				
Property taxes	\$460,063	\$460,063	\$464,593	\$4,530
Investment income	1,000	3,100	3,629	529
Total Revenues	461,063	463,163	468,222	5,059
Expenditures				
Debt service:				
Principal	60,000	60,000	60,000	0
Interest	396,165	396,165	396,165	0
Fees	275	275	275	0
Total Expenditures	456,440	456,440	456,440	0
Net Change in Fund Balances	4,623	6,723	11,782	5,059
Fund Balance - Beginning of year	237,552	243,501	243,501	0
Fund Balance - End of year	<u>\$242,175</u>	<u>\$250,224</u>	<u>\$255,283</u>	<u>\$5,059</u>

**WHITEFORD AGRICULTURAL SCHOOL DISTRICT IN
THE COUNTIES OF MONROE AND LENAWE, MICHIGAN**

*2001 Capital Projects Fund
Statement of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual
Year Ended June 30, 2005*

	Original Budget	Final Budget	Actual	Positive (Negative) Budget
Revenues				
Local Sources:				
Investment income	\$500	\$600	\$747	\$147
Other	0	11,500	11,500	0
Total Revenues	500	12,100	12,247	147
Expenditures				
Facilities acquisition:				
Capital outlay	40,500	23,000	28,610	(5,610)
Other	0	3,550	3,492	58
Total Expenditures	40,500	26,550	32,102	(5,552)
Net Change in Fund Balances	(40,000)	(14,450)	(19,855)	(5,405)
Fund Balance - Beginning of year	40,000	42,038	42,038	0
Fund Balance - End of year	\$0	\$27,588	\$22,183	(\$5,405)

**WHITEFORD AGRICULTURAL SCHOOL DISTRICT IN
THE COUNTIES OF MONROE AND LENAWE, MICHIGAN**

*Student Activities Agency Fund
Statement of Changes in Assets and Liabilities
June 30, 2005*

	Balance July 1, 2004	Additions	Deductions	Balance June 30, 2005
Assets				
Cash	\$68,134	\$143,776	\$156,461	\$55,449
Certificates of deposit	36,057	14,639	0	50,696
Total Assets	<u>\$104,191</u>	<u>\$158,415</u>	<u>\$156,461</u>	<u>\$106,145</u>
Liabilities				
Due to student groups	\$104,191	\$158,415	\$156,461	\$106,145
Total Liabilities	<u>\$104,191</u>	<u>\$158,415</u>	<u>\$156,461</u>	<u>\$106,145</u>

**WHITEFORD AGRICULTURAL SCHOOL DISTRICT IN
THE COUNTIES OF MONROE AND LENAWE, MICHIGAN**

*Student Activities Agency Fund
Summary of Receipts and Disbursements
Year Ended June 30, 2005*

	Due to (From) School District <u>July 1, 2004</u>	<u>Receipts</u>	<u>Disbursements</u>	Due to (From) School District <u>June 30, 2005</u>
Due to School District				
Transfer	\$91	\$152	\$243	\$0
Art Club	1,229	894	1,270	853
Athletic Officials	3,368	2,023	3,187	2,204
Elementary - Audio Visual	2,670	12,786	13,764	1,692
High School - Audio Visual	511	3,500	2,587	1,424
Band	38	1,036	980	94
Basketball - J.V.	233	1,075	0	1,308
Bischoff Memorial	6,901	0	100	6,801
Interest	2,044	843	0	2,887
Camp Fund	1,110	26,138	22,255	4,993
Building Trades	1,813	152	756	1,209
Cheerleaders	1,157	2,058	2,864	351
Middle School Choir	81	0	0	81
High School Choir	31	0	0	31
Christmas Fund	4	0	0	4
Class of 2001	119	0	119	0
Life Management	0	405	24	381
Honor Society	199	1,542	1,108	633
Horticulture Club	176	828	990	14
Hubbard Concessions	1,983	17,388	18,107	1,264
Elementary Journalism	263	1,956	1,856	363
Middle School Journalism	483	2,584	2,601	466
High School Journalism	820	13,253	13,956	117
King Scholarship	422	0	100	322
Lennard Scholarship	756	0	100	656
Elementary Library	2,114	4,851	5,092	1,873
High School Library	1,479	2,027	1,442	2,064
Olrich Scholarship	400	0	0	400
Physics Club	112	850	100	862
Put-in-Bay	4,148	2,423	4,091	2,480
Roscoe Scholarship	85	0	0	85
Seegert Scholarship	35,652	580	1,000	35,232
Senior Citizens	884	652	781	755
Solar Sprint	1,591	0	0	1,591
Spanish Club	200	0	0	200
S.E. Work Experience	0	107	107	0
Student Council - Middle School	621	3,063	3,397	287
Student Council - High School	1,435	2,761	2,422	1,774
Van Hove Scholarship	2,065	0	100	1,965
Whiteford Community Scholarship	2,040	400	1,500	940

**WHITEFORD AGRICULTURAL SCHOOL DISTRICT IN
THE COUNTIES OF MONROE AND LENAWE, MICHIGAN**

*Student Activities Agency Fund
Summary of Receipts and Disbursements
Year Ended June 30, 2005*

	Due to (From) Student Groups July 1, 2004	Receipts	Disbursements	Due to (From) Student Groups June 30, 2005
(Concluded)				
Recreation Scholarship	\$250	\$250	\$250	\$250
Binder Scholarship	4,274	0	250	4,024
Class of 2008	0	1,423	1,128	295
Class of 2005	1,855	3,660	4,746	769
Class of 2006	1,646	5,155	5,017	1,784
Class of 2007	368	2,246	1,027	1,587
Varsity Baseball	324	6,744	6,606	462
Varsity Football	0	6,329	4,763	1,566
High School Girls Track	736	64	38	762
Oswald Scholarship	2,665	1,000	1,000	2,665
Elementary Art	215	33	33	215
Elementary ECL	3,181	5,306	6,739	1,748
CATS	8,998	12,057	11,226	9,829
Elementary Student Council	0	1,164	632	532
Gifted and Talented	0	2,042	1,549	493
Employee Recognition	300	0	0	300
Cross Country	50	1,125	967	208
Families in Need Program	0	198	198	0
Latchkey	1	3,292	3,293	0
Total Due to Student Groups	<u>\$104,191</u>	<u>\$158,415</u>	<u>\$156,461</u>	<u>\$106,145</u>

**WHITEFORD AGRICULTURAL SCHOOL DISTRICT IN
THE COUNTIES OF MONROE AND LENAWE, MICHIGAN**

*Summary of 2004 Tax Levy
Year Ended June 30, 2005*

	Millage Rate	Taxable Value	Levy
Whiteford Township			
General Fund operating - non-homestead	18.000	\$47,184,220	\$849,316
2001 Debt Retirement Fund	2.850	153,897,497	438,608
2001 Debt Retirement Fund - IFT	1.425	3,102,456	4,421
			<u>1,292,345</u>
Summerfield Township			
General Fund operating - non-homestead	18.000	206,972	3,726
2001 Debt Retirement Fund	2.850	1,494,232	4,259
			<u>7,985</u>
Riga Township			
General Fund operating - non-homestead	18.000	622,315	11,202
2001 Debt Retirement Fund	2.850	6,023,367	17,167
			<u>28,369</u>
 Total			 <u><u>\$1,328,699</u></u>
Summary			
General Fund operating - non-homestead		48,013,507	\$864,244
2001 Debt Retirement Fund		161,415,096	460,034
2001 Debt Retirement Fund - IFT		3,102,456	4,421
			<u><u>\$1,328,699</u></u>

**WHITEFORD AGRICULTURAL SCHOOL DISTRICT IN
THE COUNTIES OF MONROE AND LENAWE, MICHIGAN**

*Schedule of Technology Enhancement Millage
Budget and Actual
Year Ended June 30, 2005*

	Original Budget	Final Budget	Actual	Positive (Negative) Budget
Revenues				
Technology enhancement millage	\$150,000	\$208,970	\$155,657	(\$53,313)
Total Revenues	150,000	208,970	155,657	(53,313)
Expenditures				
Salaries	33,970	31,602	27,807	3,795
Fringe benefits	10,615	9,439	7,128	2,311
Purchase services	9,500	46,500	18,575	27,925
Supplies	13,350	22,060	13,680	8,380
Capital outlay	107,919	93,369	74,743	18,626
Other	6,000	6,000	5,497	503
Total Expenditures	181,354	208,970	147,430	61,540
Net Change in Fund Balance	(31,354)	0	8,227	8,227
Reserved for Technology Enhancement - Beginning of Year	31,354	0	61,313	61,313
Reserved for Technology Enhancement - End of Year	\$0	\$0	\$69,540	\$69,540

FEDERAL FINANCIAL ASSISTANCE PROGRAMS

**WHITEFORD AGRICULTURAL SCHOOL DISTRICT IN
THE COUNTIES OF MONROE AND LENAWE, MICHIGAN**

*Schedule of Expenditures of Federal Awards
Year Ended June 30, 2005*

Federal Grantor Pass Through Grantor Program Title Grant Number	Federal CFDA Number	Approved Grant Award Amount
<u>U.S. Department of Education</u>		
Passed Through State Department of Education:		
Title I	041530-0304	\$32,469
Title I Carryover	041530-0405	5,604
Title I	051530-0405	27,442
Title II Part A	040520-0304	20,944
Title II Part A Carryover	040520-0405	3,204
Title II Part A	050520-0405	20,601
Title II Part D	054290-0405	697
Title V Part A	040250-0405	614
Title V Part A	050250-0405	460
Total Passed Through State Dept. of Education		112,035
Passed Through Intermediate School Districts:		
Tech Prep Education	053540-0405	2,556
Safe and Drug Free Schools	052860-0405	871
Safe and Drug Free Schools	042860-0304	1,019
		1,890
Total Passed Through Intermediate School Districts		4,446
Total U.S. Department of Education		116,481
<u>U.S. Department of Agriculture</u>		
Passed Through State Department of Education:		
National School Lunch Program		
041950 All Lunches	10.555	6,883
051950 All Lunches	10.555	5,666
041960 Free & Reduced	10.555	18,415
051960 Free & Reduced	10.555	16,832
		47,796
041970 Breakfast	10.553	3,924
051970 Breakfast	10.553	3,434
		7,358
		55,154
U.S.D.A. Donated Commodities		
Entitlements	10.550	5,837
Bonus	10.550	555
		6,392
Total U.S. Department of Agriculture		61,546
Total Federal Financial Assistance		\$178,027

See accompanying notes to this schedule

Accrued (Deferred) Revenue July 1, 2004	Prior Year Expenditures (Memo Only)	Current Year Expenditures	Current Year Receipts (Cash Basis)	Accrued (Deferred) Revenue June 30, 2005
\$1,857	\$26,857	\$8	\$1,865	\$0
0	0	5,604	5,604	0
0	0	25,206	25,195	11
13,538	17,738	2	13,540	0
0	0	3,204	3,204	0
0	0	16,131	15,751	380
0	0	0	0	0
0	0	505	505	0
0	0	454	454	0
15,395	44,595	51,114	66,118	391
0	0	2,556	2,556	0
0	0	871	0	871
1,019	1,019	0	1,019	0
1,019	1,019	871	1,019	871
1,019	1,019	3,427	3,575	871
\$16,414	\$45,614	54,541	\$69,693	\$1,262
\$840	\$6,016	867	\$1,707	\$0
0	0	5,666	5,666	0
2,247	15,721	2,694	4,941	0
0	0	16,832	16,832	0
3,087	21,737	26,059	29,146	0
600	3,519	405	1,005	0
0	0	3,434	3,434	0
600	3,519	3,839	4,439	0
\$3,687	\$25,256	29,898	\$33,585	\$0
\$0	\$0	3,949	\$3,949	\$0
0	0	555	555	0
\$0	\$0	4,504	\$4,504	\$0
		34,402		
		\$88,943		

**WHITEFORD AGRICULTURAL SCHOOL DISTRICT
IN THE COUNTIES OF MONROE AND LENAWEE, MICHIGAN**

*Notes to Schedule of Expenditures of Federal Awards
Year Ended June 30, 2005*

SUMMARY OF AUDIT RESULTS:

1. The auditors report expresses an unqualified opinion on the financial statements of Whiteford Agricultural School District in the Counties of Monroe and Lenawee, Michigan.
2. No reportable conditions relating to the audit of the financial statements are reported in the Independent Auditor's Report.
3. No instances of noncompliance material to the financial statements of Whiteford Agricultural School District in the Counties of Monroe and Lenawee, Michigan were disclosed during the audit.
4. The accompanying schedule of expenditures of federal awards includes the federal grant activity of Whiteford Agricultural School District and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.
5. The amounts reported on R7120, Grant Section Auditors Report, reconcile with this schedule.



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Board of Education
Whiteford Agricultural School District
in the Counties of Monroe and Lenawee, Michigan
Ottawa Lake, Michigan 49267

Our audit of the financial statements of Whiteford Agricultural School District in the Counties of Monroe and Lenawee, Michigan for the fiscal year ended June 30, 2005 was made in accordance with auditing standards generally accepted in the United States of America. These standards require, in addition to obtaining competent evidential matter through inspection, observation, inquiry, and confirmation, that we determine that existing internal controls, accounting procedures, and accounting records are adequate to allow us to express an opinion on the general purpose financial statements of the School District.

As a result of our audit, we do not have any comments or recommendations that should be brought to the attention of the Board.

We wish to express our appreciation for the cooperation and courtesy extended to us by all of the officials and employees of the School. It has been our pleasure to have been of service to Whiteford Agricultural School District in the Counties of Monroe and Lenawee, Michigan.

Very truly yours,

Cooley Hehl Wohlgamuth & Carlton

September 22, 2005